

Annual Report 2000 of the Environmental Finance Center Network

Environmental Finance Center Network

2000 Annual Report

EFC at the University of Louisville

The University of Louisville is one of two EFC's in Region 4

The Region 4 Environmental Finance Center at the University of Louisville (EFC4@UL) has undertaken to provide tools for "training the trainers," building on the research and education strengths it can claim as a University-based provider of support services. The EFC launched a series of Policy Guides to educate local government decision-makers and other parties about the environmental policy choices they face and some of the monetary and non-monetary economic consequences of their decisions. In addition, the EFC conducts background research

on these Guides (and the Instructors Manuals that accompany them) to identify available policy options and experiences with their impacts, and to provide a roadmap to decisions that might be made.

In this effort, the EFC uses funding from other environmental economics and finance research and

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technical assistance projects to complement the funds from the Environmental Finance Program and extend the reach of the EFC. The majority of this external funding to date has been in the area of brownfields redevelopment planning and in the uses of risk transfer mechanisms, especially different forms of environmental insurance, in facilitating financing of brownfield reclamation and regeneration.

ACCOMPLISHMENTS

The Region 4 Environmental Finance Center at the University of Louisville (EFC4@UL) has undertaken roles building on its strengths and is engaged in activities designed to "train the trainers" of organizations and staff members engaged in

environmental policy implementation. This involves the EFC in preparing Policy Guides with Instructors' Manuals and other tools for use in training. In addition, the Center is engaged in data collection



intended to produce further Policy Guides and related training materials, as well as attendance at meetings in Region 4 at which training needs and tools are discussed and developed.

PROJECTS

Core EFC Projects and Activities in 2000

Local Environmental *Policy Guides* are being prepared for use in training local officials, staff, and other decision-makers. Topics currently in process include:

- Takings and Givings: Property Rights and Environmental Quality
- Infill Strategies for Local Governments
- Small-scale Decentralized Cogeneration and Local Electric Utilities
- Strategies for Brownfield Redevelopment: Choosing a Cost-Effective Approach

Evaluating Growth Policies that Affect Urban Land Uses:

The Environmental Finance Center has a consultative role in the management of urban and regional growth. Its most useful products are information relevant to existing policy makers, which means its work must be future-oriented. The EFC recognizes that the key to good management is the capacity to evaluate growth policies in terms of efficiency, equity and effectiveness. The goal of the EFC's growth management policy research is therefore two-fold:

- to describe and define patterns of development in urban and urbanizing areas; and
- to accumulate and assess existing studies of the utility of different legislative, regulatory or subsidy approaches designed to channel the process into more environmentally constructive directions, and to evaluate opportunities that may arise to channel growth into more sustainable directions.

Brownfield Redevelopment

The EFC's brownfields work is primarily linked to its mission of practical assistance to state and local governments. The Center tracks specific techniques to encourage private investment, including risk management options, insurance products available for uncertainty reduction and loss control, voluntary cleanup programs, financing options, and tax incentives. The Center maintains a current library on developments in the field, and regularly contributes to the national dialogue between the involved policy makers, academics, and private sector. One specific training tool developed in 2000 is a role-play game for planners and other officials engaged in shaping and implementing state and local approaches to brownfield regeneration. This product is intended for *general training* on brownfield redevelopment tools and decision-maker concerns and for *specific policy development support* in selecting among policy alternatives for officials, developers, financiers, and community members in individual cities and counties.

Support for Water Utilities' Financial Capacity

A comprehensive understanding of rate design and alternative financing mechanisms is key to providing clean drinking water and sewage disposal services.

The Environmental Finance Center's training efforts, using a version of the rate-setting software program, Ratemod Pro, are designed to meet this need, enabling managers to design equitable utility rates and to match financing mechanisms to capital projects. The needs of the 14,000 operators of water systems in Region 4 are such that the smaller operators will never develop the needed financial capacity. The EFC has been investigating the market and processes for merger and acquisition of small systems (some with under 100 hookups) in order to determine how appropriate training for small operators and owners may facilitate the needed consolidation of small systems into economically viable networks that can comply with the demands of the Clean Water Act and the Safe Drinking Water Act.

Other Current Funded Projects involving EFC Staff

- "Brownfields Analysis and Technical Assistance," for the Louisville Development Authority, awarded December, 2000.
- "Review of Economic Development Literature and Practice In Reclamation and Economic Regeneration of Brownfields," funded by the Economic Development Administration, U.S. Department of Commerce. Final Report completed September, 2000.
- On-going University of Louisville participation in running Louisville's Brownfields Cleanup Revolving Loan Fund..
- "The Impact of Environmental Insurance on Brownfield Redevelopment Processes," a study of the evolution of the private risk management market for brownfield projects, funded by a grant

to Northern Kentucky University from the EPA/OSWER/OSPS, with a subgrant to the University of Louisville. Currently operating an electronic focus group on improving the working of the market for public sector purchases of environmental insurance for brownfield redevelopment projects.

INITIATIVES/PROPOSALS

New Initiatives Supported by Core EFC Funds

Expanding the environmental finance *Policy Guide* series to include issues on recycling construction debris, asset valuation for small water systems, small scale water and wastewater financial capacity, and training and technical support for brownfields redevelopment. The EFC will complete the *Policy Guides* in process, and develop new Guides for trainers to use in providing information and support for local officials and others implementing environmental practices in the field. Current plans call for new *Policy Guides* on:

- "Approaches to Addressing Recycling and Reuse of Construction and Demolition Debris"
- "Small Scale Water System Asset Valuation and the Merger/Acquisition Process"
- Small Scale Water/Sewer System Financial Capacity Development Support. At the request of the Drinking Water Division, EPA Region 4, the EFC began work on the problems of organizing for mergers and acquisitions of the many small (under 300 hookup) water companies in the region to improve their financial and managerial capacity to deliver clean drinking water. This is both an organizational and financial management problem,

including extensive education of small scale operators who often do not think of themselves as “companies,” but as service providers with water delivery incidental to other business activities.

- Training Provision/Technical Support on Brownfield Redevelopment. The EFC will be actively involved with work on new Brownfield Pilots and other policy implementations, as directed by the Region 4 Brownfields Office, including state and local requests for information on environmental insurance and brownfields.

Other Unfunded Proposals Submitted and in Preparation

- “Absorptive Capacity Fund (ACF) Prototype Country Program for Georgia.” Participating in a proposal submitted by the KIESD Pollution Prevention Center to USAID for water and wastewater management capacity development for local officials in the Republic of Georgia through training provided in Louisville.
- “Urban Regeneration through Environmental Remediation: Measuring the Value of Market-Based Incentives for Brownfields Development.” Proposal in collaboration with Resources for the Future to the US EPA National Center for Environmental Research and Quality Assurance.
- “Using Brownfields Roleplaying for Education Potential Investors and Other Stakeholders.” Project in negotiation with the Office of Environmental Concerns, Louisville Development Authority for training of possible investors and participants in brownfield projects.

NEW INITIATIVES FOR 2001

Special Projects

In the coming year the EFC will continue its focus on providing the tools for trainers to conduct training in the field consistent with the EFC Network Plan. Also continue to explore other specific areas as part of the network-wide planning process to expand the set of Policy Guides with Instructors’ manuals.

PRESENTATIONS/ CONFERENCES/ MEETINGS

Training for Practitioners

- Presented findings of a study on “*Environmental Insurance Products Available for Brownfields Redevelopment, 1999.*” *Green Brownfields; Innovative Concepts in Remediation for Successful Redevelopment*, a joint US EPA and German UBA (Federal Environmental Agency) invitation-only conference for staff and senior advisors, Salt Lake City, UT
- Presentations on risk management and the roles of insurance in quantifying and limiting risk, to panel on military base closures and brownfield redevelopment at the International City/County Management Association Annual Conference, Cincinnati, OH
- Developed and conducted a role play on “Regenerating Rivertown: A Brownfield Simulation Game.” Ohio-Kentucky-Indiana Regional Conference of the American Planning Association, Columbus, OH
- Panel Participant in Workshop on State Voluntary Cleanup Program Memorandum of Agreements,

National Governors' Association Center for Best Practices, Atlantic City, NJ

- Moderated session and presented findings at session on "The State of the States on Brownfields" and served as panelist, presenting findings, at session on "Brownfields Assessment, Cleanup, and Reuse Incentives: What Works Best" at EPA/OSWER/OSPS's Brownfields 2000
- Presented discussion of "Sources of Financing for Soil Bioengineering and Waterways Preservation" at the Soil Bioengineering Workshop of the Kentucky Waterways Alliance, Inc., Louisville, KY

Academic-Type Presentations

by staff included:

- Meyer, P.B. "Looking at State Voluntary Cleanup Programs in Perspective: Liability Relief, Flexible Cleanup Standards and Institutional Controls as Forms of Economic Development Subsidies." Urban Affairs Association, Los Angeles
- Clapp, T.L., and P.B. Meyer. "Brownfields and the Urban Commons: Common Property Frameworks in Urban Environmental Quality." Urban Affairs Association, Los Angeles.
- Clapp, T.L., and P.B. Meyer. "Applying Common Property Frameworks to Urban Environmental Quality: The Case of Brownfields." International Association for the Study of Common Property, Bloomington, IN
- Meyer, P.B. "Approaches to Brownfield Regeneration: The Relative Value of Financial Incentives, Relaxed Mitigation Standards and Regulatory Certainty." Association of European

Schools of Planning Congress, Brno, Czech Republic

- Meyer, P.B., Moderated session on brownfield redevelopment and served as member of roundtable panel on environmental justice issues at the Assoc. of Collegiate Schools of Planning conference, Atlanta
- Fricano, R.J., and P.B. Meyer. "Evaluating Urban Infill Policies: Designing Comprehensive Performance Criteria." Association of Collegiate Schools of Planning conference, Atlanta